

Message Text

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PAGE 01 CAIRO 03533 01 OF 02 081017Z

11

ACTION L-02

INFO OCT-01 NEA-09 ISO-00 EB-07 H-02 CIAE-00 INR-07

NSAE-00 /028 W

----- 035276

R 080830Z APR 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 3207

C O N F I D E N T I A L SECTION 1 OF 2 CAIRO 3533

EO 11652: GDS

TAGS: OTRA CPRS EFIN EG US

SUBJECT: US CLAIMS AGAINST EGYPT

REF: CAIRO 3480

1. SUMMARY : STATE/L REP MET WITH MINECON COOP UNDERSEC DEWIDAR TO CLARIFY, EXCHANGE ADDITIONAL VIEWS AND TO SEEK DEWIDAR'S ASSISTANCE IN PREPARING GROUNDWORK FOR CONTINUATION CLAIMS NEGOTIATIONS IN THE NEAR FUTURE. FRANK AND DETAILED EXCHANGE OF VIEWS ON NUMEROUS POINTS TROUBLESOME TO USG HAVE RESULTED IN APPARENT AGREEMENT ON MUTUALLY STAISFACTORY TERMS FOR COMMENCEMENT OF CLAIMS NEGOTIATIONS. WHILE CONCRETE RESULTS REMAIN TO BE SEEN, DEWIDAR PROPOSALS SHOULD BE GIVEN SERIOUS CONSIDERATION. END SUMMARY.

2. DEPUTY ASST LEGAL ADVISER HUANG MET WITH UNDERSEC DEWIDAR ON SUN APR 6 TO CLARIFY, EXCHANGE ADDITIONAL VIEWS AND TO SEEK DEWIDAR COOPERATION AND ASSISTANCE IN ORDER TO CONSIDER ALL POSSIBLE OPTIONS FOR POTENTIAL SETTLEMENT AS DISCUSSED IN PREVIOUS MEETING REPORTED (REFTEL 3480). GUANG READ QUESTIONS AND DISCUSSED ISSUES FROM WRITTEN NOTES FOR ACCURACY.

3. DEWIDAR REAFFIRMED GOE DESIRE TO COOPERATE FULLY TO SEEK SETTLEMENT NOW OF CLAIMS AS COMMON OBJECTIVE. HE SAID WE SHOULD CONVENE NEXT SESSION ASAP SINCE "THE POLITICAL CLIMATE IS RIPE TO SETTLE THE CLAIMS NOW". IN EARNEST HE SAID "YOU MUST BELIEVE ME". WHEN HUANG INDICATED THAT PROBABLY IT WOULD BE CONFIDENTIAL

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PAGE 02 CAIRO 03533 01 OF 02 081017Z

90 DAYS BEFORE THE NEXT SESSION COULD BE CONVENED BECAUSE OF

NECESSARY PREPARATION OF DOCUMENTATIONS, HE WINCED AND SAID "THAT IS TOO LONG".

4. HUANG AND DEWIDAR DISCUSSED IN DETAIL NATURE AND COMPONENTS OF LUMP SUM SETTLEMENT AND SETTLEMENT ON CASE-BY-CASE BASIS SO THAT THERE WAS COMMON UNDERSTANDING OF TERMS USED. DEWIDAR SAID HE PREFERRED LUMP SUM SETTLEMENT BECAUSE IT WOULD AVOID PERCENTAGE COMPARISONS OF AMOUNTS OF COMPENSATION PAID AND ALSO AVOID THE MOST FAVORED NATION TREATMENT PROVISIONS IN SOME 15-16 AGREEMENTS ALREADY CONCLUDED BY GOE. BOTH HUANG AND DEWIDAR AGREED THAT IN CASE-BY-CASE SETTLEMENT THERE WAS VERY LITTLE ROOM FOR COMPROMISE WHICH WAS ESSENTIAL IN ORDER TO ARRIVE AT A SATISFACTORY SETTLEMENT, IN VIEW OF THE CONFLICTING AND INCOMPATIBLE TERMS EMBODIED IN THE RESPECTIVE PRACTICES OF THE GOE AND USG.

5. HUANG ASKED DEWIDAR FOR SPECIFIC DETAILS AS TO HOW HE WOULD ENVISAGE NEGOTIATIONS TO BE CONDUCTED AT NEXT SESSION TO ARRIVE AT LUMP SUM AGREEMENT IN TWO WEEKS, AND YET AT SAME TIME CONDUCT CASE-BY-CASE EXAMINATION. IN HUANG'S VIEW CASE-BY-CASE CONSIDERATION WOULD ENTAIL INORDINATE AMOUNT OF TIME, AND IN SOME CASES USG WOULD NOT BE READY WITH PROPER DOCUMENTATION. DEWIDAR REPLIED THAT THE NEXT SESSION WOULD BE SOLELY CONCERNED WITH NEGOTIATIONS ON THE FINAL LUMP SUM STARTING OUT WITH US \$8 MILLION (OR WHATEVER THE FIGURE MIGHT BE). ALL THE USG HAS TO DO IS TO PROVIDE A LIST WITH PARTICULARS CONCERNING EACH CLAIM BUT WITHOUT RPT WITHOUT LEGAL DOCUMENTATION. THE LIST WOULD BE USED AS A BASIS FOR ARRIVING AT A LUMP SUM. DISTRIBUTION AND PAYMENT OF CLAIMS WOULD BE RESPONSIBILITY OF USG. HE REALIZED THAT VERIFICATIONS OF CLAIMS COULD TAKE AS MUCH AS 1 AND 1/2 TO 2 YEARS BUT THAT THAT WOULD BE OF NO CONCERN TO GOE. HOWEVER, GOE WOULD BE PREPARED TO ASSIST USG AND UPON REQUEST WOULD PROVIDE ANY DOCUMENTATION WHICH MIGHT BE IN ITS POSSESSION REGARDING PARTICULAR CASES. HUANG EXPRESSLY ASKED DEWIDAR "WHAT HAPPENS WHEN A MEMBER OF THE FINANCE MINISTRY, LAND REFORM OR SEQUESTRATION BOARD SHOULD INSIST ON A CASE-BY-CASE EXAMINATION AND DEMAND PRODUCTION OF SUPPORTING LEGAL DOCUMENTATION?" DEWIDAR REPLIED "THIS WILL NOT HAPPEN, BELIEVE ME, YOU WILL SEE".

5. HANAG NEXT PROBED DEWIDAR ON HIS SINCERITY AND PROMISE OF CONFIDENTIAL

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PAGE 03 CAIRO 03533 01 OF 02 081017Z

COOPERATION. HE REQUESTED DEWIDAR'S ASSISTANCE IN OBTAINING A COMPLETE UP-TO-DATE LIST OF ALL BLOCKED BANK ACCOUNTS OF US NATIONALS BECAUSE PRESENT USG LIST WAS INCOMPLETE. DEWIDAR AGREED TO SUPPLY SUCH A LIST AS SOON AS POSSIBLE FOR HUANG'S USE IN PREPARATION FOR THE NEXT SESSION OF NEGOTIATIONS. IN THIS REGARD DEWIDAR DID POINT OUT THAT BLOCKED BANK ACCOUNTS WERE NOT REALLY CLAIMS BECAUSE THERE WAS NO DISPUTE OVER THEIR AMOUNTS WHICH WERE RECORDED IN THE BANKS -IT WAS ONLY A QUESTION OF

TRANSFERABILITY, AND IN FACT BLOCKED EGYPTIAN FUNDS COULD BE SOLD
FOR USE IN EGYPT. HUANG REPLIED THAT BLOCKED ACCOUNTS WERE,

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PAGE 01 CAIRO 03533 02 OF 02 081026Z

16

ACTION L-02

INFO OCT-01 NEA-09 ISO-00 H-02 CIAE-00 INR-07 NSAE-00 /021 W

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R 080830Z APR 75

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TO SECSTATE WASHDC 3208

C O N F I D E N T I A L FINAL SECTION OF 2 CAIRO 3533

NEVERTHELESS, ON THE 1967 LIST, AND THE OWNERS WANTED THE MONIES
RELEASED AND TRANSFERRED. UNLESS THEY WERE SATISFIED THEY WOULD
CONTINUE TO COMPLAIN TO THEIR CONGRESSMEN. DEWIDAR REPLIED
THAT RELEASE OF THE BLOCKED ACCOUNTS WOULD CAUSE SOME PROBLEMS
BUT HE ADDED SIGNIFICANTLY "BUT WE CAN BE FLEXIBLE. I AM SURE WE
CAN WORK SOMETHING OUT WHEN WE START NEGOTIATIONS. WE CAN HAVE
SOME KIND OF CONFIDENTIAL ARRANGEMENT." HE SMILED AND ADDED
"AFTER ALL, THAT'S WHAT CONFIDENTIAL ARRANGEMENT ARE FOR".
THE QUESTION OF WHETHER LEGALLY BLOCKED ACCOUNTS
COULD PROPERLY BE THE BASIS OF INTERNATIONAL CLAIMS WAS NEVER RAISED.

6. DEWIDAR SAID THAT THE NEXT SESSION OF NEGOTIATIONS COULD BE
CONVENED BY A FORMAL NOTE FROM THE AMBASSADOR TO HIM SETTING
FORTH THE NAMES OF THE US COMMITTEE MEMBERS AND THE DATE.
HE EXPLICITLY POINTED OUT THAT THE NOTE SHOULD NOT BE SENT TO THE
MIN FOREIGN AFFAIRS.

7. FINALLY. BOTH HUANG AND DEWIDAR AGREED THAT THERE WAS
MUTUAL UNDERSTANDING ON THE FOLLOWING POINTS WHICH SHOULD BE
RECOMMENDED TO THEIR RESPECTIVE GOVERNMENTS AS A DESIRABLE
BASIS FOR NEGOTIATIONS AT THE NEXT SESSION:

(A) MEET AS SOON AS POSSIBLE TO NEGOTIATE ON THE LUMP SUM
WITH NO PRECONDITIONS ATTACHED (EXCEPT AS EXPRESSLY PROVIDED
HEREINAFTER) USING THE 1967 LIST OF CLAIMS SUPPLEMENTED BY
SUFFICIENT DETAILS AS BASIS OF NEGOTIATIONS;

(B) USG WOULD SUPPLY DETAILS OF PARTICULAR CLAIMS AS BASIS

FOR VERIFICATION OF AMOUNTS IN ORDER TO ARRIVE AT THE AGREED
LUMP SUM;
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PAGE 02 CAIRO 03533 02 OF 02 081026Z

(C) THERE WOULD BE NO CASE-BY-CASE EXAMINATION BY GOE;
(D) USG WOULD NOT BE REQUESTED TO SUPPLY LEGAL DOCUMENTATION
FOR PARTICULAR CASES;

(E) RESPONSIBILITY FOR VERIFICATION AND DOCUMENTATION OF
CLAIMS, AS WELL AS DISTRIBUTION AND PAYMENT OF COMPENSATION
WOULD BE UPON THE USG;

(F) GOE WOULD TRANSMIT TO USG BEFORE COMMENCEMENT OF
NEXT SESSION OF NEGOTIATIONS COMPLETE UP-TO-DATE LIST OF ALL
BLOCKED ACCOUNTS OF US NATIONALS;

(G) GOE WOULD COOPERATE AND PROVIDE USG UPON REQUEST
DOCUMENTATION OF CASES WHICH MAY BE IN ITS POSSESSION.

8. ENTIRE MEETING OF ALMOST AN HOUR WAS FRANK AND FRIENDLY.
HUANG THANKED DEWIDAR AND SAID THAT HE WOULD REPORT DETAILS
OF MEETING FAITHFULLY TO WASHINGTON AND WOULD BE IN TOUCH WITH
HIM AS SOON AS POSSIBLE THROUGH THE EMBASSY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CLAIMS, DEBTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: johnsorg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CAIRO03533
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750121-0490
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750473/aaaacohb.tel
Line Count: 198
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION L
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 CAIRO 3480
Review Action: RELEASED, APPROVED
Review Authority: johnsorg
Review Comment: n/a
Review Content Flags:
Review Date: 01 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 AUG 2003 by ShawDG>; APPROVED <22 DEC 2003 by johnsorg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US CLAIMS AGAINST EGYPT
TAGS: OTRA, CPRS, EFIN, EG, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006